13th August 1963]

MR. SPEAKER : The question is—

" That the Madras Estates (Abolition and Conversion into Ryotwari) Amendment Bill, 1963 be passed."

The motion was put and carried and the Bill was passed.

V.—ANNOUNCEMENTS.

(1) THE MADRAS GENERAL SALES-TAX (SECOND AMENDMENT) BILL, 1963.

MR. SPEAKER : I have to announce that the Governor has given his recommendation to the introduction in the Madras Legislative Assembly of the Madras General Sales Tax (Second Amendment) Bill, 1963.

VI.—GOVERNMENT MOTION re : CHANGE IN THE ORDER OF BUSINESS.

THE HON. SRI M. BHAKTAVATSALAM : Mr. Speaker, Sir, Under Rule 21 (3) of the Assembly Rules, I move—

" That item 9 in the Agenda for to-day, viz., the introduction and consideration of the Madras General Sales Tax (Second Amendment) Bill, 1963, be taken up on 14th August 1963."

MR. SPEAKER : The question is—

" That item 9 in the Agenda for to-day, viz., the introduction and consideration of the Madras General Sales Tax (Second Amendment) Bill, 1963, be taken up on 14th August 1963."

The motion was put and carried.

V.—ANNOUNCEMENTS—cont.

(2) THE MADRAS IRRIGATION (LEVY OF BETTERMENT CONTRIBUTION) AMENDMENT BILL, 1963.

MR. SPEAKER : I have to announce that the Governor has given his recommendation to the introduction in and consideration by the Legislative Assembly of the Madras Irrigation (Levy of Betterment Contribution) Amendment Bill, 1963.

IV.—GOVERNMENT BILLS—cont.

(9) THE MADRAS IRRIGATION (LEVY OF BETTERMENT CONTRIBUTION) AMENDMENT BILL, 1963.

THE HON. SRI V. RAMAIAH : Mr. Speaker, Sir, I beg to introduce the Madras Irrigation (Levy of Betterment Contribution) Amendment Bill), 1963[a], and move—

" That the Bill be referred to a Select Committee consisting of :

1. The Hon. Sri V. Ramaiah.
2. The Hon. Sri M. Bhaktavatsalam.
3. Sri A. R. Subbiah Mudaliar.

a Published in the *Fort St. George Gazette* Extraordinary, dated 31st July 1963.

[Sri V. Ramaiah] [13th August 1963

4. Srimathi A. S. Ponnammal.
5. Sri V. Sankaran.
6. Sri P. K. Muthuvelappa Gounder.
7. Sri K. S. Subramania Gounder.
8. Sri G. Rajaram.
9. Sri M. Dhandayuthapani.
10. Srimathi N. K. Ranganayaki.
11. Sri P. Ramachandran.
12. Sri A. P. Dharmalingam.
13. Sri S. Madhavan.
14. Sri K. S. Mani.
15. Sri K. R. Nallasivam.
16. Sri A. Raghava Reddy.
17. Sri C. Venkiduswamy Gounder, and
18. Sri S. J. Ramaswamy."

The levy and collection of betterment contribution from land-holders of lands benefited by the construction, expansion or alteration by the Government on or after 1st January 1947 of any irrigation or drainage work, the cost of which exceeds Rs. 25,000 are provided for in the Madras Irrigation (Levy of Betterment Contribution) Act, 1955 (Madras Act III of 1955). The Act lays down that the lands benefited should be divided into suitable classes and the annual increase in the gross produce of each class of lands should be estimated with reference to the average of the prices prevailing, in the case of works completed before the commencement of the Act. during the three years immediately preceding such commencement and in the case of works completed after the commencement of the Act during the three years immediately preceding after such completion. Ten times the annual increase in the gross produce thus estimated should be deemed to be the increase in the capital value of each class of lands; and one half of the difference between the increase in the capital value and the cost of making the lands fit for advantageous irrigation under the work should be the contribution payable in respect of such class of lands. In the case of lands which were originally under dry cultivation and which, with a view to derive benefit from the work, were brought under wet cultivation, a sum representing the difference between the cost of wet cultivation and the cost of dry cultivation should be deducted from the increase in gross produce for the purpose of calculating the increase in capital value of those lands.

In 1957 and 1958 special staff was employed in the districts of Coimbatore, Tiruchirappalli, Thanjavur, South Arcot and Salem for the preliminary work connected with the implementation of the Act, at a cost of Rs. 1.45 lakhs. It was found that the progress of work connected with the levy of betterment contribution was slow for the reason that preliminary work involved in determining the betterment contribution in accordance with the procedure laid

down in the Act and the rules made thereunder is considerable and complicated beset with several practical difficulties. Inspite of the special staff, it was not possible to finalise the fixation of the betterment contribution even in respect of a single work in the State. It was therefore decided not to proceed further with the implementation of the Act until it is amended and the procedure for determining the betterment contribution is revised and simplified. The Planning Commission also has suggested that the procedure laid down in the Act may be simplified and that the rates of betterment contribution may be specified in the Act itself by suitably amending the Act.

The Government have accordingly brought forward the Madras Irrigation (Levy of Betterment Contribution) Amendment Bill, 1963. According to the new procedure for the levy of betterment contribution proposed in clause 3 of the Bill, the ayacut benefited by the execution of a notified irrigation or drainage work will be classified as "new ayacut" and "improved old ayacut". New ayacut will further be classified into one or more of the three zones, namely, wet zone, intermediary zone and irrigated dry zone, depending on the availability of water for raising crops in a fasli year. Every zone will be divided into blocks according to the soil classification, the dry lands being classified according to the corresponding wet *taram* rates. The rates of betterment contribution leviable per acre of new ayacut are specified in the Schedule. They vary from Rs. 80 to Rs. 200 per acre. As provided in the Principal Act, no betterment contribution is to be levied on lands in any new ayacut under a notified work, the cost of which does not exceed Rs. 25,000.

Improved old ayacut will comprise of lands which are significantly benefited by the execution of a notified work, i.e., lands with more assured supply of water or better drainage facilities. The net expenditure on the notified work will be ascertained by deducting from the gross expenditure on such work twenty times the annual increase in revenue, if any, from all the lands comprised in the improved old ayacut. The net expenditure as so ascertained will be apportioned on all the lands and if the net expenditure per acre of land is over Rs. 150 or more, the betterment contribution will be Rs. 50 per acre; but if such net expenditure is less than Rs. 150, the betterment contribution will be one-third of the net expenditure. No betterment contribution is to be levied on lands in any improved old ayacut under a notified work, the cost of which does not exceed Rs. 50,000 or where the settlement classification of the irrigation source has been raised to a higher classification in consideration of the improvement effected as a result of the execution of such work and the net annual increase of wet assessment consequent on such raising exceeds 4 per cent of the cost of such work.

The Bill also provides for postponing the inclusion of any land in the ayacut of a notified work on the ground that such land requires expensive lowering of the level or on such other ground

as may be prescribed. Levy of betterment contribution in respect of such lands is to be made after the expiry of the period of postponement. In respect of lands included in the ayacut of a notified work, which are not fit for irrigation on the date of such inclusion for such reasons as may be prescribed, the betterment contribution is to be levied from the fasli in which the lands are brought under irrigation.

The Bill further provides for payment of betterment contribution by a landholder in annual instalments at the rate of Rs. 10 per acre or one-twentieth of the total amount of the contribution payable by him, which is higher.

In respect of a landholder, who has agreed to pay any sum as a condition precedent to the execution of any notified work, the Bill provides for the recovery of the excess amount which he is liable to pay in pursuance of the agreement in addition to the amount which he is liable to pay under the Act.

The Bill also provides that all cases of irrigation and drainage works already notified under Rule 7 of the Madras Irrigation (Levy of Betterment Contribution) Rules, 1956 and the works to be notified after the Bill becomes law are to be treated alike in regard to the levy of betterment contribution.

As the Bill is being referred to a Select Committee it does not seem necessary for me to go into further details. I request the House, Sir, to accept the motion.

MR. SPEAKER : The question is—

" That the Madras Irrigation (Levy of Betterment Contribution) Amendment Bill, 1963 be referred to a Select Committee consisting of the following members :

1. The Hon. Sri V. Ramaiah.
2. The Hon. Sri M. Bhaktavatsalam.
3. Sri A. R. Subbiah Mudaliar.
4. Srimathi A. S. Ponnammal.
5. Sri V. Sankaran.
6. Sri P. K. Muthuvelappa Gounder.
7. Sri K. S. Subramania Gounder.
8. Sri G. Rajaram.
9. Sri M. Dhandayuthapani.
10. Srimathi N. K. Ranganayaki.
11. Sri P. Ramachandran.
12. Sri A. P. Dharmalingam.
13. Sri S. Madhavan.

13th August 1963] [Mr. Speaker]

14. Sri K. S. Mani.
15. Sri K. R. Nallasivam.
16. Sri A. Raghava Reddy.
17. Sri C. Venkiduswamy Gounder.
18. Sri S. J. Ramaswamy."

The motion was put and carried.

MR. SPEAKER: Under Rule 99 (1) of the Madras Assembly Rules, I nominate the Hon. Sri V. Ramaiah to be the Chairman of the Committee.

V.—ANNOUNCEMENTS—*cont.*

(3) THE MADRAS AGRICULTURAL INCOME-TAX (AMENDMENT) BILL, 1963.

MR. SPEAKER: I have to announce to the House that the Governor has given his recommendation to the introduction in the Madras Legislative Assembly of the Madras Agricultural Income-Tax (Amendment) Bill, 1963.

IV.—GOVERNMENT BILLS—*cont.*

(10) THE MADRAS AGRICULTURAL INCOME-TAX (AMENDMENT) BILL, 1963.

THE HON. SRI V. RAMAIAH: Mr. Speaker, Sir, I beg leave to introduce the Madras Agricultural Income-Tax (Amendment) Bill, 1963[a], and move—

"that the Bill be taken into consideration."

In the Madras Plantations Agricultural Income-Tax (Amendment) Act, 1958 while extending the Act to crops other than plantations a special provision was made to collect tax for the assessment year 1958–59 applying the composition formula, i.e., without detailed assessment of the income derived. The above provision was extended for the assessment years 1959–60 to 1962–63 to enable the assessees who would not have maintained proper accounts for the accounting years 1958–59 to 1961–62 to apply for composition.

Similarly while extending the Act, to the territories transferred to this State by the Andhra Pradesh and Madras (Alteration of Boundaries) Act, 1959 provision was made in Section 14 of the Madras Agricultural Income-Tax (Extension to Added Territory) Act, 1961 to allow the agriculturists to compound the tax. The said provision was extended for the assessment year 1962–63 also.

It has been considered necessary to extend the benefit of Section 34 of the Madras Plantations Agricultural Income-Tax (Amendment) Act, 1958 and Section 14 of the Madras Agricultural

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a Published in the *Fort St. George Gazette* Extraordinary, dated 2nd August 1963.